

Chapter 1

Contribution Limits, Voluntary Expenditure Ceilings, and Related Restrictions

The following chapter contains information on contribution limits of importance to state candidate campaign committees. This chapter also reviews voluntary expenditure ceilings, transfer of funds between or among a state candidate's campaign committees, restrictions on fundraising after an election, and the establishment of officeholder accounts, legal defense fund and recall committees.

Many of these provisions were added to the Political Reform Act by Proposition 34, which was passed by the voters in the November 2000 general election. Electronic filing requirements also were added. (See Chapter 6.) See Chapter 10 for other restrictions applicable to all candidates and committees.

State Candidates

Contribution Limits

Contribution limits may increase or decrease every two years based on changes in the Consumer Price Index.

Candidates for state office have limits on how much they may accept from a single

source per election. For purposes of contribution limits, the primary, general, special, and special runoff elections are considered separate elections. The chart below shows the limits per contributor and type of office sought. (See Chapters 3 and 4 for additional information about contributions and exceptions.)

Candidates may raise contributions for a general or special general election prior to a primary or special primary election for the same office. If the candidate is defeated in the primary or special primary election, or withdraws from the general or special general election, contributions received for the general or special general election must be returned to the contributors on a pro rata basis, less the cost of raising and administering the funds and general election expenses that were paid prior to the primary election (e.g. media purchases). However, contributions (other than loans) made by a state candidate to his or her own campaign may not be returned to the candidate.

State candidates also must disclose, for each contributor itemized on the Recipient Committee Campaign Statement (Form 460),

Per Election Limits on Contributions to State Candidates

For Elections Occurring January 1, 2007 – December 31, 2008

(and for later elections until adjusted for 2009-2010)

Contributor	Legislature	Statewide Elected Officers	Governor
Person	\$3,600	\$6,000	\$24,100
Small Contributor Committee	\$7,200	\$12,100	\$24,100
Political Party	No limit	No limit	No limit

the total amount that has been received from the contributor for the primary and general elections. (See Chapter 7.) In addition, contributions from affiliated entities are aggregated for purposes of the limits. (See Chapter 3.)

Loans

Loans are contributions subject to limits. However, if a loan has been repaid, the lender, guarantor, endorser, or cosigner may make additional contributions to the same candidate or committee up to the limit.

Extensions of Credit

When there is an agreement with the provider of goods or services that a state candidate or committee will pay for goods or services on credit, the goods or services may become a contribution to the candidate and be subject to contribution limits if it remains unpaid after 45 days. (See Chapter 3.)

Candidate's Personal Funds

Limits do not apply to a candidate's personal funds contributed to his or her own campaign. However, a state candidate may not have loans to his or her campaign of more than \$100,000 outstanding at any one time, and may not charge interest on loans made to the committee. The \$100,000 limit on personal loans applies to loans from the candidate's personal funds as well as to loans obtained by the candidate from a commercial lending institution which the candidate lends to his or her campaign. "Campaign" includes both the primary and general, or special and special runoff, elections. However, if a candidate has opened committees for more than one office or more than one election (for example, the candidate has a committee for his or her current term and one for reelection), he or she may make loans up to \$100,000 to each committee.

Example *Bernard Ernest, a State Senate candidate, loans his campaign*

\$50,000 before the primary election. Just before the general election, Bernard wants to loan his committee some more funds. Since the committee has not paid down on the original \$50,000 loan, Bernard may loan no more than \$50,000 to his committee.

Contributions from State Lobbyists

A state lobbyist may not contribute to a state officeholder or candidate's campaign if the lobbyist is registered to lobby the agency of the elected officer or the agency to which the candidate is seeking election. The lobbyist also may not contribute to any other committee controlled by that state candidate, including a ballot measure committee, a local committee, a legal defense fund, or an officeholder account.

Example *Richard receives an invitation to attend a political fundraiser from an individual running for Insurance Commissioner. Richard is a lobbyist registered to lobby the State Legislature, the Secretary of State, and the Governor. Although Richard may not make a contribution to anyone who holds or is a candidate for the Assembly, Senate, Secretary of State, or Governor, he may make a contribution to the candidate for Insurance Commissioner.*

Contributions to Other Candidates

State candidates may contribute no more than \$3,600 per election to another candidate for elective state office. The \$3,600 limit applies in the aggregate to contributions made from personal funds and all campaign funds held by the candidate. For example, an Assembly candidate may not contribute more than \$3,600 per election to a candidate for Governor, even though the limit for Governor is higher. In addition, a state candidate may not contribute more than \$3,600 to a ballot measure committee, a legal defense fund, or a committee for local election, that is controlled by another state

candidate. This limit may increase or decrease every two years based on changes in the Consumer Price Index.


Voluntary Expenditure Ceiling

State candidates must declare on the Candidate Intention Statement (Form 501) whether they accept the voluntary expenditure ceiling established for each election. Candidates who accept the ceiling are designated in either the state ballot pamphlet (statewide candidates) or the voter information portion of the sample ballot (Senate and Assembly candidates) and may purchase space to place a 250-word statement there.

The candidate must choose to accept or reject the expenditure ceilings for both the primary and general (or special primary and special general) elections at the time of filing Form 501. Until the deadline for filing nomination papers (Elections Code Section 8020), the candidate may amend the Form 501 up to two times to change his or her expenditure ceiling declaration, as long as the candidate has not exceeded the applicable expenditure ceiling. In addition, a candidate who declined the ceiling for the primary (or special) election but did not

exceed it may amend his or her Form 501 within 14 days after the primary (or special) election to accept the ceiling for the general (or special runoff) election.

Voluntary expenditure ceilings may increase or decrease every two years based on changes in the Consumer Price Index.

 **QuickTIPS** The voluntary expenditure ceiling does not apply to candidates for judge or the State Public Employees Retirement System Board.

All expenditures for a state office and election must be made by the candidate's designated campaign committee for that election. Campaign expenditures for a particular state office may not be made by any other committee controlled by the candidate.

Expenditures that count toward the voluntary expenditure ceiling include only "campaign expenditures." Generally, these expenditures (including unpaid bills) must be counted toward the next election that follows the date of the expenditure. Expenditures made on the day of an election must be counted toward that election. Expenditures covered by this rule include the following:

Proposition 34 Voluntary Expenditure Ceilings for Candidates for Elective State Offices

For Elections Occurring January 1, 2007 – December 31, 2008

Office	Primary/Special Election	General/Special Runoff Election
Assembly	\$483,000	\$845,000
Senate	\$724,000	\$1,086,000
Governor	\$7,243,000	\$12,071,000
Lt. Governor, Attorney General, Insurance Commissioner, Controller, Secretary of State, Supt. of Public Instruction, Treasurer	\$4,828,000	\$7,243,000
Board of Equalization	\$1,207,000	\$1,811,000

- Purchase, mailing, or distribution of campaign literature, signs, buttons, bumper stickers, and similar items.
- Telephone banks, including costs of design, operation, installation, or rental of telephone lines and equipment; toll charges; personnel costs; rental of office space; and associated consultants' fees.
- Professional services, including campaign consultants and pollsters, unless specific fees or costs are allocated to a different election under a contract with the person providing the services.
- Overhead expenses, including office space, utilities, office equipment, furnishings, supplies, internal copying and printing, monthly telephone charges, personnel costs, and travel expenses.

Expenditures for radio, television, newspaper, or other media advertising count toward the election following the date specified in the contract for dissemination of the advertisement. If the ad will be published or broadcast on the day of an election, the expenditure counts toward that election.

Expenditures for campaign fundraising are counted toward the election for which the funds were raised. If it is not possible to allocate fundraising costs using this method, allocate the expenditures to the election following the date they were made. If post-election expenditures are made to raise funds to pay off debts, those expenditures do not count toward the voluntary expenditure ceiling.

Nonmonetary contributions of the goods or services described above **received** (except those received from a political party) must be counted if an expenditure for equivalent goods or services would have been made by the candidate's committee.

Candidates who have accepted the voluntary expenditure ceiling must disclose on the Form 460 Summary Page the total amount of

expenditures that are attributable to each election. (See Chapter 7.)

Expenditures made by a candidate's committee that do not count toward the voluntary expenditure ceiling include, but are not limited to:

- 1) Contributions to other candidates or committees;
- 2) Costs associated with preparing and filing campaign disclosure reports;
- 3) Candidate filing fees;
- 4) Costs of ballot pamphlet or sample ballot statements; and
- 5) Officeholder expenses, election night celebrations, and other non-campaign expenditures.

Lifting the Voluntary Expenditure Ceiling

If a candidate contributes personal funds to his or her own campaign in excess of the voluntary expenditure ceiling, the expenditure ceiling is lifted for all candidates seeking the same office who have accepted the voluntary expenditure ceiling, whether in the primary (or special) or general (or special runoff) election. This is the **only** event that lifts the expenditure ceiling. If a candidate who has accepted the expenditure ceiling makes expenditures in excess of the ceiling, the candidate has violated the Act.

A candidate who contributes personal funds in excess of the voluntary expenditure ceiling must amend the Form 501 within 24 hours of making the contribution and disclose the date on which the personal contributions exceeded the expenditure ceiling. (Personal funds transferred from another committee controlled by the candidate must be counted for this purpose.) The Form 501 must be filed with the Secretary of State in person or by guaranteed overnight delivery. The Form 501 need not be amended if no other candidate accepted the voluntary expenditure ceiling.

Example *Dianne Sample is a candidate for State Treasurer. On her original Form 501, Dianne did not accept the voluntary expenditure ceiling. As her primary election approached, Dianne made several contributions and on May 12 her contributions to her own campaign totaled \$5,000,000, more than the amount of the ceiling for the primary election that year. Even though Dianne did not originally accept the voluntary expenditure ceiling, within 24 hours she is required to amend her Form 501 and file it with the Secretary of State in person or by guaranteed overnight delivery, indicating May 12 as the date that her personal contributions exceeded the voluntary expenditure ceiling.*

Since Dianne Sample contributed personal funds in excess of the expenditure ceiling during the primary, the ceiling is lifted for all candidates running for State Treasurer, including candidates of other parties, for the remainder of the primary election and the general election.

Transfers From Another Controlled Committee of the Candidate

A state candidate may transfer funds from one of his or her controlled election committees to another. Except as discussed below, funds transferred from one of a state candidate's controlled election committees to another are subject to contribution limits. The transferred funds must be attributed to specific contributors of the committee making the transfer and count toward the amount those contributors may give to the committee receiving the transfer.

The committee making the transfer must choose between two attribution methods. The first is "LIFO" (last in, first out). This means that the amount to be transferred will

be attributed to the most recent contributors to the transferring committee. The other method is "FIFO" (first in, first out), which means transferred funds will be attributed to the earliest contributors. Once the transferring committee has chosen LIFO or FIFO, it may not change the method of attribution. Detailed records must be maintained. (See Chapter 2.)

Example *Abbe Winkler is a city council member running for State Assembly in the 2008 primary election. She wants to transfer funds from her city council committee to her State Assembly committee and has chosen the LIFO method of attribution.*

<u>Contributor</u>	<u>Date of Original Contribution</u>	<u>Amount of Original Contribution</u>	<u>Amount of Transferred Funds Attributed to the Contributor</u>
Ted Smith	10/25/06	\$1,000	\$1,000
Wanda Smith	10/25/06	1,000	1,000
AZX Corp.	11/02/06	5,000	5,000
Abbe Winkler	12/5/06	5,000	5,000

Using this attribution method, \$3,600 of AZX Corporation's contribution will be attributed to the primary election, and \$1,400 will be attributed to the general election. AZX Corporation may make no additional contributions to Winkler's primary election. Ted and Wanda Smith may each give Winkler another \$2,600 for the primary election.

The committee making a transfer must report the transfer as an expenditure on Schedule E of the Recipient Committee Campaign Statement (Form 460). The committee receiving the transfer must report detailed information about the transaction on Schedule A (monetary contributions).

Using the information from the above example, Schedule A must include the following information as shown on the next page:

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DATE RECEIVED	FULL NAME, STREET ADDRESS AND ZIP CODE OF CONTRIBUTOR (IF COMMITTEE, ALSO ENTER ID NUMBER)	CONTRIBUTOR CODE *	IF AN INDIVIDUAL, ENTER OCCUPATION AND EMPLOYER (IF SELF-EMPLOYED, ENTER NAME OF BUSINESS)	AMOUNT RECEIVED THIS PERIOD	CUMULATIVE TO DATE CALENDAR YEAR (JAN. 1 - DEC. 31)	PER ELECTION TO DATE (IF REQUIRED)
10/30/07	Winkler for City Council (Transfer) 567 21st Street Sacramento, CA 95814 ID #123456	<input type="checkbox"/> IND <input type="checkbox"/> COM <input type="checkbox"/> OTH <input type="checkbox"/> PTY <input type="checkbox"/> SCC				
10/25/06	Ted Smith 7239 Broadway Sacramento, CA 95816	<input checked="" type="checkbox"/> IND <input type="checkbox"/> COM <input type="checkbox"/> OTH <input type="checkbox"/> PTY <input type="checkbox"/> SCC	Retired	\$1,000	\$1,000	\$1,000 P-08
10/25/06	Wanda Smith 7239 Broadway Sacramento, CA 95816	<input checked="" type="checkbox"/> IND <input type="checkbox"/> COM <input type="checkbox"/> OTH <input type="checkbox"/> PTY <input type="checkbox"/> SCC	Retired	\$1,000	\$1,000	\$1,000 P-08
11/2/06	AZX Corporation 527 Bell Street Sacramento, CA 95825	<input type="checkbox"/> IND <input type="checkbox"/> COM <input checked="" type="checkbox"/> OTH <input type="checkbox"/> PTY <input type="checkbox"/> SCC		\$5,000	\$5,000	\$3,600 P-08 \$1,400 G-08
12/5/06	Abbe Winkler (Candidate) 1450 Linden Road Sacramento, CA 95814	<input checked="" type="checkbox"/> IND <input type="checkbox"/> COM <input type="checkbox"/> OTH <input type="checkbox"/> PTY <input type="checkbox"/> SCC	Attorney Smith & Winkler	\$5,000	\$25,000	\$125,000 P-08

- The date of the transfer and the name, address, and identification number of the committee making the transfer;
- The name, address and, if applicable, the occupation and employer or committee identification number of the contributor to whom the transferred funds are being attributed (as disclosed on the campaign statement filed after the contributions were originally received or as contained in the committee's records at the time of the transfer);
- The original date of the transferred contribution; and
- The amount of the transferred contribution, including the cumulative amount received from the contributor in the calendar year and the amount attributed to the contributor per election.

Some electronic filing formats may be different.

The committee making the transfer also must maintain records that identify the specific contributors to whom any transferred contributions have been attributed. If the transferring committee no longer is required

to maintain detailed records, the receiving committee shall maintain either:


- The full name of the contributor;
 - The date and amount being transferred for each contributor, and if the contribution is a loan, the interest rate for the loan; and
 - The cumulative amount of contributions transferred attributed to that contributor
- OR
- Copies of the transferring committee's original verified and filed campaign reports that show the original contribution received from each contributor to whom a transferred contribution is attributed.

Exceptions:

- **Surplus Funds:** Funds held by an officeholder or candidate become "surplus" on the closing date of the semi-annual reporting period following an election in which the officeholder or candidate is defeated, or when an officeholder leaves the office for which the funds were raised, whichever occurs last. Once a candidate or officeholder's campaign funds become surplus, they

may not be transferred or carried over to a future election account or otherwise used for that candidate's future election. (See Chapter 10.)

- **Carryover:** A state candidate may carry over campaign funds from the primary election to the subsequent general election for the same elective office without attribution. Non-surplus campaign funds may also be carried over from one state election to the next election for the same office without attribution. To carry over funds from one state election to the next election for the same office (e.g., from a 2008 Assembly election to the 2010 election for the same office), the funds must be transferred to a new campaign bank account and committee established for the next election, and the transfer may not be made until after the date of the election for which they were raised. The transferring committee will report the transfer as an expenditure on Schedule E and the committee receiving the funds will report the transfer as an increase to cash on Schedule I. If a candidate raises funds for an election but does not file the necessary documents to appear on the ballot in that election, the funds may not be carried over, but may be transferred with attribution as discussed previously. (Also see below for information regarding the use of funds raised prior to the effective date of Proposition 34.)

 **Quick TIP** As discussed below, state candidates may raise funds after an election only to pay net debt outstanding. Campaign funds may not be carried over to a future election account if the existing committee has net debt from the prior election.

- **Funds Held on January 1, 2001—Candidates for Senate and Assembly:** Non-surplus funds held in a committee for

the state Senate or Assembly on January 1, 2001 ("pre-34 funds"), may be used for a future election without attribution. There is no limit to the number of times the funds may be transferred; however, if the committee holding the funds spends them (that is, the committee's cash balance drops below the amount of pre-34 funds it holds), the amount that may be transferred to another committee will be reduced. The transferring committee will report the transfer on Schedule E and the committee receiving the funds will report the transfer on Schedule I.

- **Funds Held on November 6, 2002—Candidates for Statewide Office:** Non-surplus funds held in a committee for statewide office on November 6, 2002 ("pre-34 funds"), may be used for a future election without attribution. There is no limit to the number of times the funds may be transferred; however, if the committee holding the funds spends them (that is, the committee's cash balance drops below the amount of pre-34 funds it holds), the amount that may be transferred to another committee will be reduced. The transferring committee will report the transfer on Schedule E and the committee receiving the funds will report the transfer on Schedule I.
- **Transferring Assets:** It is not necessary to value and attribute a committee's usual assets (such as supplies, furnishings, and office equipment) that are being transferred from one controlled committee to another of the candidate's controlled committees. A committee must report the purchase or sale of these assets, but need not report the transfer.

Raising Campaign Funds After the Election

Committees controlled by state candidates for election purposes may receive contributions after an election only to pay net

debts outstanding from the election. The primary and general elections are separate elections for purposes of calculating net debt. In addition, the contribution limits applicable to the election apply to any new contributions received to pay debt.

To calculate net debts outstanding, the following are added together:

- An amount necessary to cover the cost of raising funds to pay outstanding debts;
- Any costs associated with complying with post-election requirements, such as the filing of campaign statements, and other necessary administrative costs associated with winding down the campaign, including office space rental, staff salaries, and office supplies;
- The total amount of unpaid debts, loans, and accrued expenditures incurred with respect to the election; and
- Legal fees and expenses incurred in connection with monitoring a ballot recount or the counting of absentee or provisional ballots.

That amount is reduced by:

- The total cash on hand available to pay those debts and obligations, including: currency; balances on deposit in banks, savings and loan institutions, and other depository institutions; traveler's checks; certificates of deposit; treasury bills; and any other committee investments valued at fair market value; and
- The total amounts owed to the candidate controlled committee in the form of credits, refunds of deposits, returns, or receivables, or a commercially reasonable amount based on the collectibility of those credits, refunds, returns, or receivables.

Examples *Phil Barkhouse ran for State Assembly in 2008. After the primary election, he had \$50,000 in cash left*

and owed \$95,000 in unpaid loans and accrued expenses. He can raise \$45,000 to pay this debt, plus an amount needed to cover fundraising expenses and other administrative costs. All contributions received are subject to the contribution limits that were in effect for the 2008 election.

Larry West ran for State Senate in 2008. After the general election, he had \$85,000 in cash left and owed \$60,000 in accrued expenses for the election. He may not raise additional funds into the 2008 committee for the general election.

As new funds are received, the amount of the net debts outstanding is reduced. The amount of new contributions may not exceed the amount of net debts outstanding on the date the contribution is received. Any contribution that exceeds the amount of net debts outstanding must be returned to the contributor within 14 days to prevent a violation of the Act.

Officeholder Accounts

An elected state officer may accept contributions after the date of the election for the purpose of paying expenses associated with holding the office to which the officer was elected. Officeholder account contributions are subject to calendar year limits both by donor and in the aggregate. In addition, officeholder contributions must be cumulated (in full) with any other contributions from the same contributor(s) for any other future elective state office for which the officeholder maintains a controlled committee during the term of office in which the contribution is received. Officeholder contributions may not be used for contributions or transfers to any state or local committee or for any "election-related" activities.

Calendar Year Limits on Officeholder Contributions

	Legislature	Statewide Elected Officers	Governor
Per Donor by Office	\$3,000	\$5,000	\$20,000
Aggregate Total by Office	\$50,000	\$100,000	\$200,000

The limits will be adjusted biennially based on the Consumer Price Index. The limits above are in effect through December 2008. In order to determine the applicable contribution limit to an elected state officer's officeholder account, use the lower of the following:

- (1) The calendar year contribution limits applicable to the officeholder committee in the table above (aggregate and individual), or
- (2) The lowest per election contribution limit (the aggregate of the primary and general election limits) applicable to any future state office for which the officeholder maintains a controlled committee at any time during the period between the day of the election for which the officeholder account was established and the end of the term of office for that election.

Example *Arthur Redding was elected to the Senate in 2006. In January 2007, he opened an officeholder committee. He may not receive more than \$3,000 from a single contributor during 2007 and may not receive more than \$50,000 in total officeholder contributions during 2007. During 2008, he forms a controlled committee to run for Lieutenant Governor in 2010. Contributions to the officeholder committee must be counted for purposes of the \$6,000 per contributor per election limit for contributions to a candidate for Lieutenant Governor (a total of \$12,000 for the primary and general elections combined). Therefore, a contributor who gave \$6,000 to the*

officeholder committee (\$3,000 for 2007 and \$3,000 for 2008) may not contribute more than \$6,000 to the Lieutenant Governor committee.

Officeholder funds must be held in a single bank account at a financial institution located in the State of California and must be separate from any campaign bank account established for election to office. If \$1,000 or more is received by or deposited in an officeholder account in a calendar year, the elected state officer must establish a controlled committee for the account by filing a Statement of Organization (Form 410). The officeholder committee will file campaign statements and reports at the same times and in the same places as any other controlled committee of the elected state officer. (See Chapters 5 and 6.)

Once the officeholder's term of office ends, or the officeholder leaves office (whichever is earlier), no new contributions may be received and the officeholder committee must be terminated within 90 days. During the 90-day period, officeholder funds may be used only for the following purposes:

- The payment of outstanding officeholder expenses;
- Repayment of contributions made to the officeholder account;
- A donation to a bona fide charitable, educational, civic, religious, or similar tax exempt, nonprofit organization, if no substantial part of the proceeds will have a material financial effect on the officeholder, a member of his or her immediate family, or the committee treasurer;
- The payment for professional services reasonably required by the officeholder committee to assist in the performance of its administrative functions.



Unlike controlled committees set up for election purposes, an officeholder account may be redesignated as an officeholder account for a future term of the same office by amending the officeholder committee's statement of organization (Form 410).

Under limited circumstances, the Executive Director of the Fair Political Practices Commission may extend the date of termination or allow a terminated committee to reopen (for example, to receive a refund or pay expenses incurred for an audit or investigation). See Regulations 18404.1 and 18531.62 or contact the FPPC for more information.

Legal Defense Funds

State candidates and officeholders may establish a legal defense fund to defray attorney's fees and other related legal costs incurred for the candidate or officeholder's legal defense if the candidate or officeholder is subject to one or more civil or criminal proceedings or administrative proceedings arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officeholder's governmental activities and duties. A separate bank account and committee must be established for the funds, and the Statement of Organization (Form 410) must be filed to create the committee. See Chapter 5 for committee name requirements. The legal defense committee will file campaign statements and reports at the same times and in the same places as any other controlled committee of the candidate or officeholder. (See Chapters 5 and 6.)

Contributions raised for a legal defense fund are not subject to contribution limits or the voluntary expenditure ceiling.

However, legal defense funds may only be raised in an amount reasonably calculated to pay attorney's fees and other legal costs related to the defense of the candidate or

officeholder, as well as administrative costs directly related to compliance with recordkeeping and reporting requirements. They may not be used for fundraising, media or political consulting fees, mass mailings or other advertising, or for paying fines, penalties, judgments or settlements, or to return contributions.

(See FPPC Regulation 18530.4 for other restrictions, e.g., when a candidate or officeholder may begin raising legal defense contributions, committee termination requirements, and disposition of leftover funds.)

Committees established for a legal defense fund must file the Recipient Committee Campaign Statement (Form 460). (See Chapter 6.)

Recall Elections

A state officeholder who is the subject of a recall may set up a separate committee to oppose the qualification of the recall measure and, if the recall petition qualifies, the recall election. Contributions to the committee are not subject to limits, and the voluntary expenditure ceiling does not apply to expenditures made by the target of the recall to oppose the recall.

The committee may be established once the officeholder receives a notice of intent to recall under Elections Code Section 11021. The committee must set up a separate bank account at a financial institution in California, file a Statement of Organization (Form 410), and include the word "recall" in the name of the committee. The committee also must file campaign statements as discussed in Chapters 6, 7, and 8. After the recall election, or if the recall petition fails, any funds left over become "surplus funds" (see Chapter 10) and must be spent within 30 days.

Candidates running to replace an officeholder who is the target of a recall are subject to all of the reporting requirements

and restrictions discussed in this manual (including the contribution limits and the expenditure ceiling applicable to the general election for that office).

Contributions that Exceed the Limits

Election Accounts

Contributions that exceed the contribution limits are not considered accepted if they are not deposited into the committee's bank account and are returned within 14 days of receipt. For nonmonetary contributions, either the item itself, its monetary value, or the monetary amount by which the value of the nonmonetary contribution exceeds the limits must be returned within 14 days of receipt.

Officeholder Accounts

If an officeholder receives a monetary contribution(s) to the officeholder account from a single contributor that exceeds the allowable contribution limit to the officeholder account, the portion of the contribution that exceeds the limit must be returned to the contributor within 14 days of receipt. If a contribution is received that exceeds the allowable contribution limit applicable to a future state office the officeholder will seek, the portion of the contribution that exceeds the limit must be returned to the contributor within 14 days of receipt or within 14 days of the date the officeholder files a Statement of Organization (Form 410) for the future election, whichever is earlier.

Answering Your Questions

- Q. *My campaign committee for the Assembly has no debt and a small amount of cash. May I continue to raise funds into that committee after the election?*
- A. No. You may not raise funds after an election for purposes other than paying net debt.

- Q. *Must I open an officeholder account to raise funds to pay officeholder expenses after the election?*
- A. Officeholder expenses may be paid from any committee established for the office that you hold. You may open an account and committee for reelection to the same office. Contributions received for that election may be used for expenses related to your current term of office. All contributions raised into the future election committee are subject to the contribution limits for that election.
- Q. *I am a member of the Assembly and plan to run for State Senate in 2008. May I pay officeholder expenses for my Assembly seat from the campaign bank account set up for my Senate election?*
- A. No. Officeholder expenses may be paid only from an account established for the office that you hold (including a reelection account or an officeholder account).
- Q. *I opened an officeholder committee following my election and I also control a ballot measure committee. May other state candidates contribute campaign funds to these committees?*
- A. Yes, subject to the \$3,600 limit on contributions to state candidates (or the \$3,000 limit on officeholder contributions if you are a member of the Assembly). However, officeholders may not make contributions from an officeholder account to another state elected officer's officeholder account.
- Q. *Following my election to the Assembly, my committee had \$25,000 in cash on hand and \$75,000 in outstanding loans and accrued expenses. May I keep the \$25,000 for officeholder expenses, or carry over the funds to a new committee for my reelection campaign, and raise new funds to pay the debt?*

- A. No. You may only raise new funds after the election to pay “net debt outstanding.” Your committee’s net debt outstanding is \$50,000 (\$75,000 in outstanding loans and accrued expenses, less the \$25,000 in cash on hand). Therefore, only \$50,000 may be raised, plus amounts needed to raise the funds and for certain other purposes.
- Q. *Are contributions received to pay debt from the 2006 Assembly election subject to contribution limits?*
- A. Yes, they are subject to the contribution limits for the 2006 primary (\$3,300) and general (\$3,300) elections. For example, an individual whose total contribution to your 2006 committee was \$1,000 in connection with the primary election may contribute up to \$5,600 toward the debt (an additional \$2,300 for the primary election and \$3,300 for the general election). If you lost in the primary, this individual may only contribute an additional \$2,300.
- Q. *I am a candidate for the Legislature. If I receive a contribution on the day after the election that was mailed prior to the election, may I keep the contribution if my committee has no debt?*
- A. No. A contribution is “received” on the date the candidate or committee obtains possession or control of it. Because you will have no debt, the contribution may not be deposited in the committee account and must be returned within 14 days of receipt.
- Q. *I was a candidate for federal office. How much may I transfer from my federal campaign committee to my committee for State Senate?*
- A. Your federal committee can transfer funds to the State Senate committee subject to the attribution requirements described in this chapter. The funds must be attributed to individual donors to your federal committee and may not cause a donor to exceed the applicable contribution limit to the Senate committee.
- Q. *I am a State Senator and will be seeking local office. If I transfer funds from my 2004 Senate committee to the local election committee, may I receive replacement contributions from contributors to the Senate committee?*
- A. No. The contributions may not be replaced.
- Q. *I opened a committee to run for statewide office in 2010. I transferred funds from my 2004 Senate committee to the new committee using the LIFO attribution method and the committee has received new contributions. I may decide to run for reelection in 2008. May I transfer funds from the 2010 committee to a committee for 2008?*
- A. Yes, the funds may be transferred, and must be attributed to specific contributors to the 2010 committee using the LIFO or FIFO accounting method described earlier in this chapter.
- Q. *I lost the primary election for State Assembly. I accepted the expenditure ceiling and my expenditures came very close to the ceiling. I would like to use leftover funds to throw a party for my campaign volunteers and to send a mailer to the voters to refute some lies told about me by my opponent. Will either of these count toward the expenditure ceiling?*
- A. No. However, see Chapter 10 regarding uses of campaign funds, particularly after they become “surplus funds.”

Authority

The following Government Code sections and Title 2 regulations provide authority for the preceding information in this chapter:

Government Code Sections

82015	<i>Contribution.</i>
82047	<i>Person.</i>
82024	<i>Elective State Office.</i>
82053	<i>Statewide Elective Office.</i>
85203	<i>Small Contributor Committee.</i>
85204.5	<i>Special Election Cycle and Special Runoff Election Cycle.</i>
85205	<i>Political Party Committee.</i>
85301	<i>Limits on Contributions from Persons.</i>
85302	<i>Limits on Contributions from Small Contributor Committees.</i>
85303	<i>Limits on Contributions to Committees and Political Parties.</i>
85304	<i>Legal Defense Fund.</i>
85305	<i>Restrictions on Contributions by Candidates.</i>
85306	<i>Transfers Between a Candidate's Own Committees; Use of Funds Raised Prior to Effective Date.</i>
85307	<i>Loans.</i>
85314	<i>Special Elections and Special Runoff Elections as Separate Elections.</i>
85315	<i>Elected State Officer Recall Committees.</i>
85316	<i>Post-Election Fundraising.</i>
85317	<i>Carry Over of Contributions.</i>
85318	<i>Contributions Received for Primary and General Elections.</i>
85319	<i>Returning Contributions.</i>
85321	<i>Post-Election Fundraising; Elections Held Prior to January 1, 2001.</i>
85400	<i>Voluntary Expenditure Ceilings.</i>
85401	<i>Candidate Acceptance or Rejection of Expenditure Ceilings.</i>
85402	<i>Lifting Expenditure Limits; Opponent's Use of Personal Funds.</i>
85403	<i>Violations of Voluntary Expenditure Limits.</i>

85600	<i>Ballot Pamphlet Designation.</i>
85601	<i>Candidate Access to Ballot Pamphlet.</i>
85702	<i>Contributions from Lobbyists.</i>
89519	<i>Use of Surplus Campaign Funds.</i>

Title 2 Regulations

18215	<i>Contribution.</i>
18215.1	<i>Contributions; When Aggregated.</i>
18421.1	<i>Disclosure of the Making and Receipt of Contributions.</i>
18421.4	<i>Reporting Cumulative Amounts for State Elections and State Recipient Committees.</i>
18503	<i>Small Contributor Committees.</i>
18503.2	<i>Transfer of Funds Raised Prior to Proposition 34 Limits.</i>
18530.4	<i>Legal Defense Funds.</i>
18530.7	<i>Extensions of Credit.</i>
18530.8	<i>Personal Loans.</i>
18531	<i>Return of Excessive Contributions.</i>
18531.2	<i>Refunding General Election Contributions.</i>
18531.6	<i>Treatment of Debts Outstanding After an Election—Prior to January 24, 2004.</i>
18531.61	<i>Treatment of Debts Outstanding After an Election—Contributions Accepted on or After January 24, 2004.</i>
18531.62	<i>Elected State Officeholder Bank Accounts.</i>
18534	<i>Required Committee Bank Accounts.</i>
18535	<i>Restrictions on Contributions Between State Candidates.</i>
18536	<i>Transfer and Attribution of Contributions.</i>
18537	<i>Contribution Limits and Application to Repaid Loans.</i>
18537.1	<i>Carry Over of Contributions.</i>
18540	<i>Voluntary Expenditure Ceilings.</i>
18541	<i>Voluntary Expenditure Limits—Notification and Designation Requirements.</i>

Chapter 1 — State Restrictions

- 18542 *Notification of Personal Contributions in Excess of the Voluntary Expenditure Limits.*
- 18543 *Lifting of Voluntary Expenditure Limits.*
- 18544 *Campaign Contribution and Voluntary Expenditure COLA Formula.*
- 18545 *Contribution Limit and Voluntary Expenditure Ceiling Amounts.*
- 18572 *Lobbyist Contributions—Making a Contribution Defined.*